

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Review, 2021

Docket No. ACR2021

CHAIRMAN'S INFORMATION REQUEST NO. 8

(Issued January 28, 2022)

To clarify the Postal Service's FY 2021 Annual Performance Report (*FY 2021 Report*) and FY 2022 Annual Performance Plan (*FY 2022 Plan*),¹ the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than February 4, 2022. For the following questions, if the Postal Service chooses to respond using a graphical or tabular representation of data, please also file the spreadsheet containing the data used to generate the graphic. Such spreadsheet shall preserve all data links and show all formulas used, including volumes and other weighting factors.

High-Quality Service

1. In the *FY 2021 Plan*, the Postal Service asserted that in FY 2021 it would continue implementing the organizational realignment of operations that began in late FY 2020, and would further focus on improving service performance by:
 - Improving product flow within the ground transportation network (by simplifying routing decisions and improving ground reach while eliminating the longest and lowest-performing surface trips);

¹ The *FY 2021 Report* and *FY 2022 Plan* are included in the Postal Service's FY 2021 *Annual Report to Congress*, which the Postal Service filed with the FY 2021 *Annual Compliance Report*. See Library Reference USPS-FY21-17, December 29, 2021, folder "USPS-FY21-17," folder "FY21.17.Annual.Report," file "FY 2021 Annual Report to Congress.pdf" (*FY 2021 Annual Report*).

- Improving processing operations (by efficiently utilizing machines through optimized run plans, using real-time analytics to identify mail at risk of service failure, and setting benchmark targets to improve cycle time, improve throughputs, and maintain first in, first out (FIFO) integrity);
 - Fostering employee collaboration and engagement (by promoting diversity and inclusion to remain competitive as an employer; building capability, competency, and confidence in employees by equipping them with modern technology and providing them with data to improve daily performance management; and continuing to hire and use additional noncareer employees to supplement employee absenteeism due to the COVID-19 pandemic); and
 - Reducing First and Last Mile failures by conducting national service reviews in field operations.²
- a. Please explain whether and how the Postal Service implemented these plans and strategies in FY 2021.
 - b. Please discuss the impact that these plans and strategies had on High-Quality Service results in FY 2021. For each impact identified, please provide quantitative support and identify the metric(s) used to measure the impact of these plans and strategies on results. If quantitative support is unavailable for an identified impact, please explain why and provide qualitative analysis explaining that impact.
 - c. Please explain whether these same plans and strategies will continue to be implemented in FY 2022.

² Docket No. ACR2020, Library Reference USPS-FY20-17, December 29, 2020, file "FY 2020Annual Report.USPS.FY20.17.Rev.5.14.2021.pdf," at 36-37 (*FY 2020 Annual Report*).

2. The Postal Service states that one of the four major variables negatively affecting service performance during FY 2021 was high levels of employee absenteeism due to the ongoing COVID-19 pandemic, which impacted the Postal Service's ability to staff its operations effectively. *FY 2021 Annual Report* at 35. Please provide the typical length of leave taken per employee in FY 2021 for reasons related to the COVID-19 pandemic.
3. Please refer to the Postal Service's table listing "FY 2021-FY 2022 Targets and FY 2018-FY 2021 Actuals for Corporate-wide Performance Outcomes" on page 33 of the *FY 2021 Annual Report*.
 - a. Please provide an updated table that includes High-Quality Service performance indicator results for each quarter of FY 2021.
 - b. If the Postal Service cannot provide High-Quality Service performance indicator results for each quarter of FY 2021, please explain why.
4. In Docket No. ACR2020, in response to an information request, the Postal Service provided a list of Districts that during FY 2020 experienced monthly employee availability levels of less than 70 percent, a threshold that the Postal Service asserted was "empirically . . . most effective for distinguishing particularly-challenged Districts" with respect to employee absenteeism.³ Please provide an updated table reflecting all Districts that experienced monthly employee availability levels of less than 70 percent during FY 2021.
5. On page 34 of the *FY 2021 Annual Report*, the Postal Service refers to "FY 2021 Actuals" as being "unmitigated." *FY 2021 Annual Report* at 34. Please explain the meaning of "unmitigated" in this context.
6. In the *FY 2020 Analysis*, the Commission discussed the CARES Act's requirement that the Postal Service prioritize delivery of postal products for

³ Docket No. ACR2020, Responses of the United States Postal Service to Questions 1-16 of Chairman's Information Request No. 11, February 11, 2021, question 13.b.

medical purposes during the COVID-19 emergency,⁴ and the fact that this requirement had been challenging to implement due to the difficulty in distinguishing medical-related mail and packages from other types of mail.⁵ The Commission recommended that the Postal Service “consider designing a product or strategy to differentiate medical products from other types of packages and mail in an effort to expedite their handling and processing as required by the CARES Act.” *Id.* Please explain whether and how the Postal Service implemented this recommendation in FY 2021. If the Postal Service did not implement this recommendation, please explain why.

7. In the *FY 2020 Plan*, the Postal Service stated its intention to launch a new “Disruptive Events” initiative to enable the Postal Service to more accurately quantify impacts from, and diagnose service failures caused by, unforeseen events outside of management control, such as weather-related emergencies and natural disasters.⁶ In Docket No. ACR2020, the Postal Service asserted that “[t]he Disruptive Events initiative was suspended due to resource constraints and competing priorities.”⁷ In the *FY 2020 Analysis*, the Commission recommended that the Postal Service restart the Disruptive Events initiative and report on its progress in the *FY 2021 Report*. *FY 2020 Analysis* at 49-50.

- a. Please describe the status of this initiative at the end of FY 2021.

⁴ See Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub. L. 116-136 § 6001(c)(1), 134 Stat. 281, 505 (2020), available at <https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>.

⁵ Docket No. ACR2020, Analysis of the Postal Service’s FY 2020 Annual Performance Report and FY 2021 Performance Plan, June 2, 2021, at 46 (*FY 2020 Analysis*).

⁶ Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, file “FY19.Annual.Report.USPS.FY19.17.pdf,” at 23 (*FY 2019 Annual Report*).

⁷ Docket No. ACR2020, Responses of the United States Postal Service to Questions 1-11 of Chairman’s Information Request No. 15, February 18, 2021, question 11.a.

- b. Please explain how the Postal Service's progress related to this initiative impacted High-Quality Service results in FY 2021.
 - c. Please describe any plans to implement or continue the Disruptive Events initiative in FY 2022. In the response, please:
 - i. Provide the metrics used to determine the success or effectiveness of the Disruptive Events initiative.
 - ii. Explain how each metric will measure the Postal Service's progress in implementing the Disruptive Events initiative.
 - d. Please explain whether and how any events in FY 2020, FY 2021, or FY 2022 have informed, or caused the Postal Service to make changes to, the Disruptive Events initiative. Please describe any such events and any changes made to the Disruptive Events initiative in response.
8. In the *FY 2020 Analysis*, the Commission recommended that "the Postal Service develop metrics to measure and evaluate whether and how the organizational restructuring" (undertaken pursuant to the Postal Service's 10-Year Strategic Plan) improved service performance, accountability, and communications in FY 2021 and beyond. *FY 2020 Analysis* at 50. Please explain whether and how the Postal Service implemented this recommendation in FY 2021. If the Postal Service did not implement this recommendation, please explain why.
9. In the *FY 2020 Analysis*, the Commission recommended that the Postal Service develop specific goals and a realistic timeframe for taking steps to achieve the Headquarters In-Plant Support Letter and Flat, Planning and Implementation Group's objectives, which included "creating site-by-site specific, achievable operating plans."⁸

⁸ *FY 2020 Analysis* at 51 (citing Docket No. ACR2020, Responses of the United States Postal Service to Questions 1-21 of Commission Information Request No. 1, January 15, 2021, question 11.a.).

- a. Please discuss whether and how the Postal Service implemented this recommendation in FY 2021. If the Postal Service did not implement this recommendation, please explain why.
 - b. Please explain how any progress toward achieving the Headquarters In-Plant Support Letter and Flat, Planning and Implementation Group's objectives impacted High-Quality Service results in FY 2021. In the response, please provide quantitative support and identify the metric(s) used to measure progress toward achieving these objectives. If quantitative support cannot be provided, please explain why and provide qualitative analysis explaining how the Postal Service measured progress toward achieving these objectives in FY 2021.
10. In the *FY 2020 Analysis*, the Commission recommended that the Postal Service discuss how combining many different Market Dominant products with potentially different service performance results affected the FY 2021 result of the Market Dominant Composite performance indicator, including by indicating which products' performance were primarily reflected in the results. *FY 2020 Analysis* at 52-53. The Commission further recommended that the Postal Service consider including supporting workpapers containing the inputs and the calculation of the FY 2021 High-Quality Service performance indicator results to the extent they are not included elsewhere in the Postal Service's ACR filings. *Id.* at 53. Moreover, the Commission recommended that the Postal Service consider creating composites based strictly on product shape or class. *Id.*
 - a. Please explain how combining many different Market Dominant products with potentially different service performance results affected the FY 2021 result of the Market Dominant Composite performance indicator. In the response, please indicate which products' performance were primarily reflected in the result.

- b. Please provide supporting workpapers containing the inputs and the calculation of each High-Quality Service performance indicator used in FY 2021.
 - c. Please explain whether the Postal Service has considered creating composites based strictly on product shape or class. If the Postal Service has not considered creating composites based strictly on product shape or class, please explain why.
11. In the *FY 2020 Analysis*, the Commission recommended that the Postal Service reevaluate its current FIFO practices and guidance in an effort to create a system that ensures that processing in FIFO order occurs in instances where facilities are faced with a lack of space. *Id.* Please discuss any progress the Postal Service made in FY 2021 towards implementing this recommendation. If the Postal Service did not implement this recommendation, please explain why.
12. In the *FY 2020 Analysis*, the Commission, noting that significant gains in national service performance scores could likely be made by focusing efforts on low-performing Districts, recommended that the Postal Service explore ways to better balance service performance scores across the nation, including by studying the reasons for service performance issues in the lowest-performing Districts. *Id.* at 59. Please discuss any progress the Postal Service made in FY 2021 towards implementing this recommendation. If the Postal Service did not implement this recommendation, please explain why.
13. The Postal Service states that its plans to handle the FY 2022 peak season included “hiring over 40,000 seasonal delivery and plant personnel, expanding its facility footprint by leasing 7.5 million additional square feet in more than 40 multi-year annexes, and installing new processing equipment” *FY 2021 Annual Report* at 36.

- a. Please explain whether and how the Postal Service implemented these plans for handling the FY 2022 peak season. In the response, please explain how service performance during the FY 2022 peak season was impacted. If the Postal Service did not implement these plans, please explain why.
 - b. Recent media reports from around the United States have alluded to mail delays lasting into January 2022, beyond the December holiday shopping season.⁹
 - i. Please explain whether and how the Postal Service's peak season hiring accounts for increased mail volume extending into Quarter 2 of the fiscal year.
 - ii. Please provide the average length of time seasonal employees work for the Postal Service.
 - iii. Please describe any circumstances under which seasonal employees may continue working for the Postal Service beyond the December holiday shopping season if needed.
14. The Postal Service states that "[t]o further support peak operations" in FY 2022, it will "continue efforts to stabilize the career workforce by working with [certain employee unions] to increase the number of career employees through a scheduled conversion process[,]" and will "continue to hire seasonal employees

⁹ See, e.g., Justin Wm. Moyer, *Frustration builds in D.C. region over mail delays*, The Washington Post (January 11, 2022), available at <https://www.washingtonpost.com/dc-md-va/2022/01/11/dc-mail-delays-snow-covid/>; Rachel Schneider, *USPS says mail delivery issues due to "unforeseen circumstances,"* WDBJ7 (January 21, 2022), available at <https://www.wdbj7.com/2022/01/21/neighbors-hardy-dealing-with-mail-delivery-dilemma/>; Katharine Huntley, *Inconsistent mail deliveries have some USPS customers frustrated*, WCAX3 (January 19, 2022), available at <https://www.wcax.com/2022/01/19/inconsistent-mail-deliveries-have-some-usps-customers-frustrated/>; *Postal service: COVID-19 pandemic causing delays in delivery of some mail, packages*, KTBS3 (January 18, 2022), available at https://www.ktbs.com/postal-service-covid-19-pandemic-causing-delays-in-delivery-of-some-mail-packages/video_af6d6ad0-119a-5b5c-876d-233a3bda19f5.html.

and provide training to prepare them for . . . peak season duties.” *FY 2021 Annual Report* at 36. Please explain how these strategies are expected to impact High-Quality Service results during FY 2022.

15. The Postal Service states that in FY 2022 it will continue the installation of new package sorting machines. *Id.* Please explain how this installation is expected to impact High-Quality Service results during FY 2022.
16. The Postal Service states that in the first quarter of FY 2022 it “expects to complete its processing network redesign, which will expand Surface Transportation Centers (STC) to add several hundred thousand square feet for improved workflow.” *Id.* Please confirm that the Postal Service completed its processing network redesign.
 - a. If confirmed, please explain how the network redesign is expected to impact High-Quality Service results in FY 2022.
 - b. If not confirmed, please explain why the Postal Service did not complete its processing network redesign, describe the current status of the redesign, and provide the estimated timeframe for completing the redesign.
17. The Postal Service states that in October of 2021 it implemented new service standard changes for the First-Class Mail and Periodicals mail classes, which “are a necessary step towards achieving 95 percent on-time service performance.” *Id.*
 - a. Please explain how implementing these new service standard changes “are a necessary step towards achieving 95 percent on-time service performance.” *Id.*
 - b. Please describe how implementing these new service standards changes is expected to impact High-Quality Service results in FY 2022.

18. In the *FY 2022 Plan*, the Postal Service states that it intends to establish site-specific operating plans in FY 2022 to improve operational efficiency. *Id.* Please explain how establishing site-specific operating plans is expected to impact High-Quality Service during FY 2022.
19. The Postal Service states that “the Board of Governors reconstituted the Election Mail Committee in August 2021 to oversee, review, and monitor the Postal Service’s preparations for the 2022 primary and general . . . elections and make recommendations to the Board on this and related issues.” *Id.* The following questions pertain to the Postal Service’s preparation for the November 2022 primary and general elections.
 - a. Please explain how reconstituting the Election Mail Committee is expected to impact High-Quality Service results in FY 2022. For each impact identified, please provide quantitative support and identify the metric(s) used to measure the impact on High-Quality Service results in FY 2022. If quantitative support cannot be provided for an identified impact, please explain why and provide qualitative analysis in support of the identified impact/claim.
 - b. From FY 2016 to FY 2020, Election Mail volume nearly doubled.¹⁰ Given the ongoing COVID-19 pandemic, please explain whether the Postal Service expects further increases in Election Mail volume for the November 2022 primary and general election season.
 - c. Please describe any plans or initiatives for accommodating increased Election Mail volume during the November 2022 primary and general election season.

¹⁰ See Docket No. ACR2020, *Annual Compliance Determination*, March 25, 2020, at 137, Table V-9 (showing that Election Mail volume rose from 0.192 billion pieces in FY 2016 to 0.417 billion pieces in FY 2020).

- d. Please explain how the Postal Service's preparations for the November 2022 general and primary election season account for the Omicron variant and/or future variants of COVID-19.
- e. Please explain how the Postal Service expects the service standard changes for First-Class Mail implemented in October 2021¹¹ to impact Election Mail volumes during the November 2022 primary and general elections.

By the Chairman.

Michael Kubayanda

¹¹ See Revised Service Standards for Market-Dominant Mail Products, 86 Fed. Reg. 43,941 (Aug. 11, 2021).